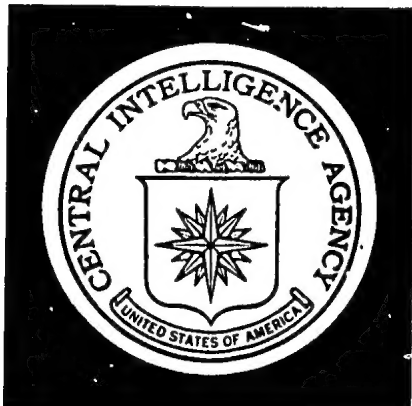


Approved For Release
2009/10/14 :
CIA-RDP85T00875R00160001
completed.

Approved For Release
2009/10/14 :
CIA-RDP85T00875R00160001

Confidential



**DIRECTORATE OF
INTELLIGENCE**

Intelligence Memorandum

Probable US-Rumanian Civil Air Agreement

DHS review completed.

Confidential

ER IM 68-154
December 1968

Copy No.

60

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

GROUP 1 Excluded from automatic downgrading and declassification
--

CONFIDENTIAL

25X1

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
6 December 1968

INTELLIGENCE MEMORANDUM

Probable US-Rumanian Civil Air Agreement

Summary

A Rumanian civil aviation delegation is scheduled to arrive in Washington on 9 December to negotiate a bilateral air agreement with the United States that would pave the way for Pan American Airways (PAA) to fly to Bucharest and possibly for eventual service by TAROM, the Rumanian state airline, to New York.

Conclusion of an air agreement would make the United States the 17th non-Communist country with which Rumania has bilateral air agreements or arrangements. Rumania's small airline, TAROM, operates 23 international flights a week, fewer flights than the airlines of Czechoslovakia, Poland, and Hungary, but more than those of Bulgaria and East Germany. TAROM services all of the Warsaw Pact countries, nine Western European countries, and four countries of the Middle East. Domestic service provides about 105 flights a week, by propeller-driven aircraft, to 15 cities of Rumania. TAROM used exclusively Soviet aircraft until 1968, when it ordered six BAC-111-400 jet transports from Great Britain, thus becoming the first airline of a Warsaw Pact country to purchase Western jet aircraft. TAROM

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research in consultation with the Department of State and the Defense Intelligence Agency, and with a contribution from the Central Reference Service of CIA. It was coordinated with the Office of Current Intelligence.

CONFIDENTIAL

25X1

CONFIDENTIAL

also became the first Communist airline to fly into Israel, beginning scheduled service between Bucharest and Tel Aviv in May 1968.

A US-Rumanian air agreement, following on the heels of agreements between the two countries on peaceful uses of atomic energy and cultural exchanges, would be another manifestation of Rumania's independent stance in relation to the USSR but one that would not overly irritate the USSR. Rumania also would expect that PAA service to Bucharest, which could begin by the summer of 1969, would stimulate the flow of US tourists to Rumania. TAROM would not inaugurate service to New York before 1970, at the earliest, because it lacks modern long-range aircraft.

CONFIDENTIAL

CONFIDENTIAL

US Civil Air Negotiations with Rumania

1. A Rumanian civil aviation delegation is scheduled to arrive in Washington on 9 December 1968 to negotiate a US-Rumanian bilateral civil air agreement. The negotiations, probably lasting for ten days to two weeks, could result in the initialing of an *ad referendum* text of a bilateral agreement. If an agreement is initialed, subsequent negotiations probably would be necessary to resolve difficult points before submitting the agreement to the respective governments for approval and signature.*

2. The most difficult matter to be resolved, as in the negotiations with Czechoslovakia and Yugoslavia earlier this year, concerns the conditions under which an American airline can conduct business in Rumania, particularly the sale of tickets and the ability to remit and convert currency. Other questions that may cause difficulties include arbitration procedures and routes.

Background of the Negotiations

3. The present negotiations stem from initiatives begun by the Rumanian Government a year ago. In late 1967, Rumanian Government officials, apparently wishing to increase the flow of American tourists to Rumania, evinced a desire to improve air communications between the United States and Rumania.** They

* *The ad referendum text of the agreement with Czechoslovakia was initialed in February 1968 but has not yet been signed.*

** *The Rumanians are spending increasing amounts on improving tourist facilities in an effort to attract tourists from hard currency countries. The effort has resulted in construction of more than 25,000 new hotel rooms over the past three years and another 15,000 planned by 1970, including completion of the Intercontinental Hotel in Bucharest. "Welcome to Rumania" advertisements have been run in several US newspapers. The number of US citizens visiting Rumania increased from 2,730 in 1965 to 3,750 in 1966, then dropped slightly to 3,480 in 1967. The tourist flow from Rumania has been small; only about 500 Rumanian citizens visited the United States during fiscal year 1968. Rumania, however, has recently eased travel restrictions on Rumanians traveling abroad.*

CONFIDENTIAL

CONFIDENTIAL

indicated that they would welcome PAA service to Bucharest, preferably under a bilateral air agreement.* As a consideration, they pointed out that, although Rumania had recently become a member of the International Civil Aviation Organization (ICAO), it was not a party to the International Air Services Transit Agreement, and that, with a US-Rumanian air agreement, PAA would no longer have to avoid overflying Rumania on flights beyond Prague or Vienna to Turkey.**

4. The Rumanians raised the question of a bilateral air agreement again in July 1968, when a United States Department of Transportation (DOT) delegation visited Rumania at the invitation of Rumanian Deputy Premier Birladeanu. From the beginning of a scheduled meeting with the Rumanian Ministry of Motor, Water, and Air Transport, it was apparent that the Rumanians were primarily interested in and seemed prepared solely to discuss a bilateral air agreement, although the stated purpose of the visit was to discuss matters of common interest in the field of transportation.*** Indeed, DOT officials had attempted to make it clear before the visit and again at the opening of the meeting that they did not have the authority to negotiate such an air agreement.

5. The US Government took the next step; on 20 September 1968 Ion Baicu, Rumanian Minister of Motor, Water, and Air Transport, was personally presented with copies of the US draft of a bilateral air agreement. The Minister stated that the Government of Rumania would submit comments along with a Rumanian

* In November 1967, Mr. Nicolea Bozdog, Chairman, Council of Tourism, headed a small delegation of Rumanians in New York for discussions with PAA regarding measures for improving tourism to Rumania. Among the other members of the delegation was Mr. Leonte Gheorghe, Deputy General Manager of Rumania's National Tourist Office.

** Such an overflight would also require the approval of Hungary and Bulgaria.

*** The meeting was chaired by Constantin Sendrea, Secretary General of the Ministry of Motor, Water, and Air Transport, who is in charge of civil aviation matters

25X1

CONFIDENTIAL

CONFIDENTIAL

draft agreement in about a week and that he did not expect any serious obstacles to reaching agreement. The Rumanians were informed that the global scope of US airline services required the US Government to adhere as closely as possible in its agreements to standard form and substance developed in bilaterals with 50 countries, and that the 9 December date for beginning negotiations was tied to the acceptability of the US draft as a basis for consultation. The following week the Rumanian Government assured both US Government and PAA officials that the US draft would be the basis for negotiation. Rumania's official comments were received on 6 November, seven weeks after the US draft was presented.

Rumania's Civil Air Activities

6. Rumania has civil air agreements with all the Warsaw Pact countries, Yugoslavia, and 16 non-Communist countries (see Table 1). TAROM operates 23 international flights a week from Bucharest to six Communist countries and 13 non-Communist countries (see Table 2). This represents fewer international flights than the airlines of Czechoslovakia, Poland, and Hungary but more than those of Bulgaria and East Germany. Except for flights to Beirut, Cairo, Istanbul, and Tel Aviv, TAROM's service is exclusively European.* Its international route network extends over 15,000 unduplicated miles (see the map, Figure 1).

7. TAROM's largest service is domestic, providing about 105 round trip flights weekly between Bucharest and 15 other cities and towns. During the summer, total flights are increased to about 155 in order to augment service to the Black Sea and mountain resort

25X1

CONFIDENTIAL

CONFIDENTIAL

Table 1

Civil Air Agreements of Rumania
with Non-Communist Countries and Yugoslavia
as of Mid-1968 a/

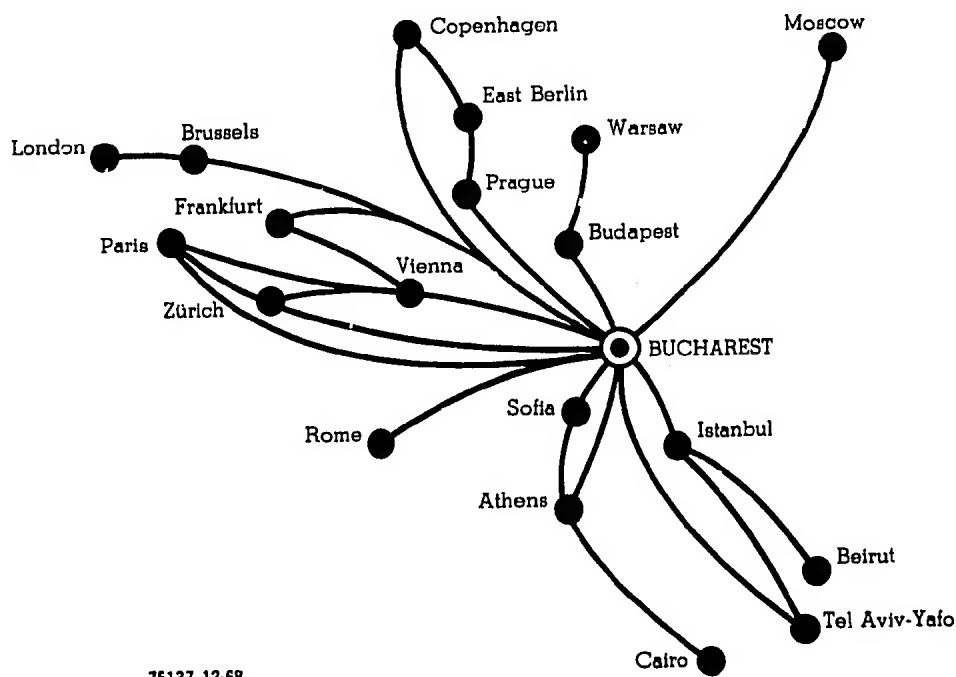
<u>Country</u>	<u>Year</u>	<u>Country</u>	<u>Year</u>
Austria	1953	Lebanon	1967
Belgium	1956	Netherlands	1957
Denmark	1958	Norway	1958
France	1962	Sweden	1957
Ghana	1962	Switzerland	1960
Greece	1960	Turkey	1965
Israel	1968	United Arab Republic	1958
Italy	1965 <u>b/</u>	West Germany	1961 <u>b/</u>
		Yugoslavia	1956

a. Rumania also has air agreements with all the Warsaw Pact countries.

b. Provisional agreement.

Figure 1

INTERNATIONAL CIVIL AIR ROUTES OF RUMANIA
WINTER 1968-69



75137 12-68

CONFIDENTIAL

CONFIDENTIAL

Table 2

Rumanian Air Transport (TAROM) Schedule
of International Air Service
Winter, 1968-69

<u>Route</u>	<u>Trip Number</u>	<u>Flights per Week</u>	<u>Type of Aircraft</u>
Bucharest-Prague-East Berlin-Copenhagen	RO-201	2	IL-18
Bucharest-Sofia-Athens	203	1	IL-18
Bucharest-Brussels-London	205	2	IL-18/BAC-111-400
Bucharest-Moscow	207	2	IL-18
Bucharest-Paris <u>a/</u>	209	2 <u>a/</u>	IL-18
Bucharest-Vienna-Paris	211	1	IL-18
Bucharest-Vienna-Frankfurt	215	1	BAC-111-400
Bucharest-Frankfurt	217/219	2	IL-18/BAC-111-400
Bucharest-Sofia	221	1	IL-18
Bucharest-Budapest-Warsaw	225	1	IL-18
Bucharest-Vienna-Zurich	227	1	BAC-111-400
Bucharest-Rome	235	2	IL-18/BAC-111-400
Bucharest-Zurich	237	1	BAC-111-400
Bucharest-Istanbul-Beirut	239	1	IL-18
Bucharest-Sofia-Athens-Cairo	241	1	IL-18
Bucharest-Tel Aviv <u>b/</u>	243/244	2 <u>b/</u>	IL-18/BAC-111-400

a. One via Zurich.

b. One via Istanbul.

CONFIDENTIAL

CONFIDENTIAL

areas. TAROM, employing about 1,000 people,* carried 570,000 passengers in international and domestic service in 1967, almost three times the number carried in 1960, as shown in the following tabulation:

<u>Year</u>	<u>Thousand Passengers</u>
1950	39
1955	127
1960	198
1963	333
1965	371
1966	478
1967	571

Soviet Influence

8. Soviet influence shaped the post-World War II history of Rumanian civil aviation and is evident today in TAROM's aircraft inventory. After World War II, Rumania and the USSR established a joint air carrier, which took over the few remaining assets of the Rumanian prewar airline LARES. The new venture, *Societatea de Transporturi Aeriene Romano-Sovietica* (TARS), was owned in equal shares by the Rumanian and Soviet Governments, and was operated with aircraft supplied by the USSR. Placement of Soviet personnel in key positions gave the USSR effective control of the airline until 1954, when the joint company -- along with other joint Rumanian-Soviet enterprises -- was dissolved. Rumania purchased the

* TAROM's employees consist of 160 multiengine-qualified pilots (40 percent qualified on the IL-18), 40 flight engineers, 25 flight navigators, 50 flight radio operators, 40 stewards and stewardesses, 20 air traffic controllers and about 200 ground technicians and administrative personnel at Bucharest/Baneasa Airport, and between 400 and 500 employees assigned to the remaining civil airports in Rumania and as TAROM representatives in foreign offices.

CONFIDENTIAL

CONFIDENTIAL

Soviet share of TARS and established TAROM as a wholly Rumanian-owned air carrier. TAROM took over TARS equipment and Rumanian personnel, and began expanding operations.

9. TAROM's current inventory consists almost exclusively of Soviet aircraft. Most of TAROM's international flights are serviced by IL-18's and the domestic routes by propeller-driven LI-2's and IL-14's, which make up about 60 percent of the current inventory, as shown below:

<u>Aircraft</u>	<u>Number of Units</u>
AN-24	2
LI-2	8 to 10
IL-14	16
IL-18	13
BAC-111-400	2 (plus 4 scheduled for delivery in 1969)

A More Independent Stance

10. Rumania's more independent stance in the Communist world has been reflected in civil air matters. In March 1968, Rumania and Israel signed an air agreement, and TAROM became the first Communist airline to fly into Israel.* TAROM inaugurated weekly service between Bucharest and Tel Aviv on 9 May, and Israel's El Al began weekly flights from Tel Aviv to Constanta.** The new services were an immediate success for both airlines and were increased to two flights a week in the summer of 1968.

* Rumania was the only Warsaw Pact country that did not break diplomatic relations with Israel during the 1967 Arab-Israeli War.

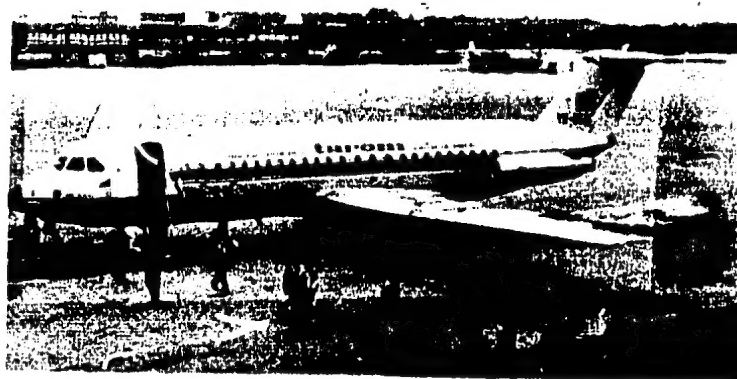
** Other non-Communist airlines serving Rumania are Air France, Austrian Airlines, KLM, Lufthansa, Sabena, and Swissair.

CONFIDENTIAL

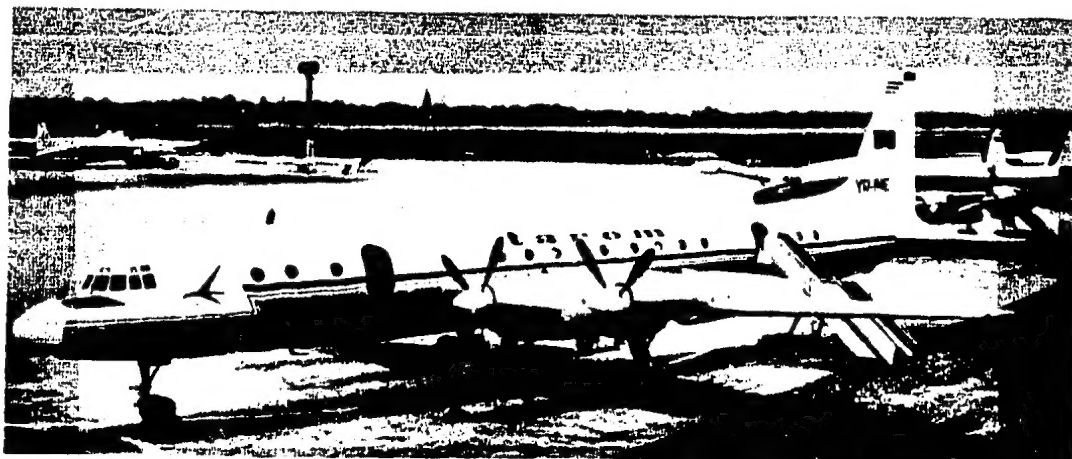
CONFIDENTIAL

11. As early as 1965 the Rumanians expressed interest in purchasing non-Soviet aircraft, and in February 1968 TAROM became the first Communist airline of a Warsaw Pact country to buy Western jet transports. Six BAC-111-400's were ordered from the British Aircraft Corporation for delivery beginning in May 1968. The two aircraft delivered to date were promptly placed in service on TAROM routes to Brussels, Frankfurt, London, Rome, Vienna, and Zurich and, in November 1968, on the Bucharest-Tel Aviv flight (see the photographs, Figure 2).

Figure 2



A TAROM BAC-111-400 In London on the Bucharest-London Flight In June 1968



An IL-18, the Workhorse of TAROM's International Service

CONFIDENTIAL

Safety

12. TAROM has had five major air crashes since 1959, four resulting in the loss of life. Although none of these crashes were in scheduled international service and there had been no crashes in more than two years, the overall record is a poor one. The airline has been accused by the press and certain government officials of nepotism in appointment and assignments of pilots. TAROM's major air crashes are shown in Table 3.

Table 3

TAROM's Major Air Crashes
Since 1959

<u>Aircraft</u>	<u>Date</u>	<u>Route</u>	<u>Deaths</u>
LI-2	1960	Domestic; at Iasi	22 (all)
IL-18	February 1962	Charter from Bucharest to Israel at Nicosia	None (79 passengers and 6 crew aboard)
IL-14	June 1963	Charter from Munich to Bucharest	34 (all)
IL-2	June 1964	Domestic; at Bacau	30, estimated (all)
IL-14	August 1966	Domestic; at Sibiu	24 (all)

TAROM's Prospects

13. TAROM needs to modernize its largely obsolete air fleet. The airline has made a good start in this respect by ordering the six BAC-111-400's. To maintain its competitive position in international service, however, TAROM will have to replace even more of its IL-18's with modern aircraft. In addition, there is a requirement to replace the obsolete LI-2's and IL-14's that service domestic routes.

CONFIDENTIAL

CONFIDENTIAL

14. The major airports in Rumania are being upgraded, including Bucharest/Baneasa, which is currently used for most international air traffic. Long-range jets cannot fly into this airport with a full payload, which is the principal reason that El Al flies into Constanta. Bucharest/Otopeni Airport, which is used for both military and civil aircraft, is undergoing extensive expansion and upgrading and by 1970 is scheduled to be the principal international airport.

15. TAROM also needs to expand its international service to Western Europe in order to handle its proportionate share of the expected increase in tourist traffic. The shortage of suitable aircraft, however, makes it likely that Western airlines will expand their services to Rumania before TAROM is ready to expand its services. Moreover, some increase in intermediate points and a modest extension of existing routes to the Middle East and North Africa can be undertaken without additional aircraft. No long-haul routes can be inaugurated without the acquisition of long-range jet aircraft.

16. A bilateral civil air agreement with the United States probably would result in PAA service between New York and Bucharest as an extension of existing service to Frankfurt or Vienna, possibly as soon as the summer of 1969. TAROM cannot initiate service to New York until it acquires a long-range aircraft. Even then with the needed aircraft, the decision to initiate service to New York probably would be based on political considerations, as the level of traffic would not appear to make this a commercially profitable venture for TAROM for the next several years. A Bucharest-New York service by TAROM, therefore, is unlikely to be initiated before 1970 at the earliest.

CONFIDENTIAL

Page Denied

Next 1 Page(s) In Document Denied